



## Joint Legislative Audit and Review Commission

### 2000 Fiscal Impact Review

**Bill Number:** HB939 as Introduced  
**Review Requested By:** Delegate Cranwell  
**Chairman of:** House Finance

#### Concur

JLARC Staff concur with the fiscal impact statement referred for review

#### Concur with Reservations

With the reservations noted below, JLARC staff concur with the fiscal impact statement referred for review

#### **X** Non-Concur

As noted below, JLARC staff do not concur with the fiscal impact statement referred for review.

#### Bill Summary

H.B. 939 authorizes localities within the Northern Virginia Planning District to impose an additional local retail sales and use tax of one percent within any city or county within that district. The increased tax would be imposed only following a majority approval by referendum of the voters in the counties and cities comprising the district. The revenues would be distributed to all localities in the district in the same manner as the current retail sales and use tax is distributed and would be used for transportation and transportation-related services and expenditures of the localities. The additional tax would sunset in five years but may be extended by referendum.

#### Fiscal Implications

<u>FUND SOURCE</u>	<u>DOLLARS</u>	<u>POSITIONS</u>
<b>FY 2001</b>		
General Fund	\$0	0.00
Non General Fund	\$0	0.00
<b>FY 2002</b>		
General Fund	\$70,500	0.00
Non General Fund	\$0	0.00
<b>FY 2003</b>		
General Fund	\$0	0.00
Non General Fund	\$0	0.00
<b>Cumulative</b>		
General Fund	\$70,500	0.00
Non General Fund	\$0	0.00
<b>TOTAL</b>	<b>\$70,500</b>	<b>0.00</b>

JLARC staff do not concur with the Department of Taxation's fiscal impact statement for HB 939 primarily because the fiscal impacts would not occur until FY 2002 and FY 2003. This is based on the expectation that the localities could not conduct the necessary referenda votes in time for FY 2001 implementation of the tax.

JLARC staff agree with the Department of Taxation's estimates for administrative costs of \$70,500 in the first year the tax is implemented. Using slightly different assumptions about the growth rate of the revenues, JLARC staff estimate revenue levels of \$272.819 million in FY 2002 and \$274.406 million in

FY 2003. JLARC staff used the official growth rates for the State sales and use tax but adjusted them for the recent decrease under the Food Tax Reduction Program. Taxation used the unadjusted growth rate for the State sales and use tax.

The additional revenues would be collected by the State and transferred back to the localities, so the net impact on the State of the additional revenue would be zero.

**Budget Amendment Necessary**

Item 281 (Department of Taxation) - Additional \$70,500 in FY 2002 for administrative costs.

**Agencies Affected**

Accounts - Department of; Taxation - Department of; Treasury - Department of the; Northern Virginia Planning District

**Date Released, Prepared By:** 02/07/2000; Kimberly Maluski

JLARC Staff offer the above Fiscal Impact Review in Accordance with Item 16K of Chapter 935 (1999 Acts of Assembly). JLARC Fiscal Impact Reviews do not comment on the merits of the bill under review.